

Joint Administrators' Thirty-third progress report from 15 September 2024 to 14 March 2025

Lehman Brothers International (Europe)
- In Administration

High Court of Justice, Chancery Division, Companies Court
Case no. 7942 of 2008

14 April 2025

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This report has been prepared by Alison Campbell Grant, David James Kelly, Edward John Macnamara and Gillian Eleanor Bruce as Joint Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any person choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at: <https://www.pwc.co.uk/lbie>

Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Alison Campbell Grant, David James Kelly, Edward John Macnamara and Gillian Eleanor Bruce have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

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Lehman Brothers International (Europe) is registered in England and Wales with registered no. 02538254.

VAT registration no. 446 9315 28

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Section 1: Introduction

Introduction

This is the thirty-third progress report prepared by the Administrators of the Company. This report provides an update on the work the Administrators have undertaken, with a particular focus on progress made in the Reporting Period.

Earlier reports can be viewed on the LBIE website at <https://www.pwc.co.uk/lbie>

Objective of the administration

The Administrators are pursuing the objective of rescuing the Company as a going concern, as approved by the Chancellor of the UK High Court on 15 July 2020 in the context of a directions application in relation to preferred equity distributions. Achievement of this objective will likely lead to a solvent liquidation of the Company given progress being made to resolve outstanding matters.

Interests of remaining creditors

As set out in previous reports, the relevant provisions of the Surplus Scheme had continued to remain in effect to deal with the small handful of creditors who, mostly due to a failure to provide valid Standard Settlement Instructions ("SSI's"), had not been paid and one creditor which continued to have an unagreed proof of debt pending resolution of connected litigation.

All admitted creditor claims have now been paid in full and the remaining proof of debt was agreed and the final claim admitted into the Administration during the Reporting Period.

As a result, the final Surplus Scheme distribution was made on 4 February 2025.

This now brings the Surplus Scheme to an end as (i) all Scheme Distributions (other than Unclaimed Scheme Distributions) have been paid in full (ii) the SSI Deadline has occurred and (iii) the only Unclaimed Scheme Distributions are De Minimis Distributions which have been irrevocably waived by the relevant Scheme Creditor in accordance with the terms of the Scheme.

Operating Committee and governance arrangements

The Administrators continue to regularly meet with the Operating Committee to explain how key aspects of the administration are being dealt with and to consult with the Operating Committee on relevant issues. There has been no change to the constitution of the Operating Committee.

Why we remain in office

The Administrators remain in office to deal with the following tasks:

- To cooperate with further requests from the Directors to make distributions to the Shareholder if it is appropriate to do so;
- Work through the Company's residual assets and realise future recoveries, including assignment of LBIE's remaining assets to Lehman Brothers Holdings plc as part of the closure plans;
- Compliance with tax and VAT matters;
- Compliance with statutory tasks;
- Managing and where appropriate releasing provisions and indemnities;
- Winding down LBIE's obligations; and
- To end the administration in an orderly fashion.

Further details are contained within the body of this report.

What you need to do

This report is for your information and you don't need to do anything.

This report and future updates

On 25 November 2022 the UK High Court granted the Administrators' term in office to be extended to 30 November 2025.

On 14 January 2025, The State of New York, Court of Appeals handed down its decisions on pending motions, and denied LBIE's motion for leave to appeal in the litigation between LBIE and AGFP, concluding the litigation. This allowed the final creditor claim to be admitted and paid. Further details can be found within Section 2 of the report.

In light of this result and progress made resolving other matters, the Administrators are not intending to seek an extension to the administration and it will come to a close on or before 30 November 2025. We are currently considering the best strategy for the Company post administration (in conjunction with the Directors), which is likely to involve a solvent liquidation.

The Administrators' next formal report to creditors will be at the end of the administration or in approximately six months' time whichever is sooner, and will be posted to the website on or before 14 October 2025.

As noted previously, we issued a general website notice in April 2018 so that statutory reports and notices to creditors (except where required by the Insolvency Rules or under the Surplus Scheme) can be published on the LBIE website. We will continue to provide ad hoc updates in the event of any material developments, through the LBIE website or by other means, as appropriate.

If you have any questions, please contact the Administrators at uk_lehmanaffiliates@pwc.com.

Signed



Alison Grant
Joint Administrator
Lehman Brothers International (Europe) - in administration

Section 2: Administrators' actions to date

Progress made in the Reporting Period

Preferred Equity Distributions

Following progress made during the Reporting Period, the Directors proposed, in consultation with the Administrators, that the Company make a further significant distribution by way of dividend to LBHI2, as sole holder of LBIE's preferred equity, in the amount of £70m on 20 February 2025. The Administrators considered that it was appropriate to consent as they are confident that the funds can properly be paid to the Shareholder and are not required for any other purpose. This brings the total distributed to date to LBHI2 in respect of its preferred equity to £498m.

Asset realisations

The Administrators have continued to progress resolution of the remaining portfolio of residual assets comprising liquid and illiquid securities and amounts due from other parties. During the Reporting Period, the Administrators have received a small recovery of c.£1k.

Sale proceeds of c.\$£0.2m are currently held by our custodian and will be transferred to LBIE shortly, together with accrued asset servicing income (as such these are not reflected in the receipts and payments account in Appendix A). We are currently working with our custodian to confirm the transfer and residual details.

The remaining residual assets are expected to lead to minimal realisations.

MCF

As set out in our previous reports, LBIE entered into a compromise agreement with MCF's creditors in April 2021, whereby all other creditors of MCF were subordinated to LBIE. As part of this agreement, LBIE became the beneficiary of a trust over MCF's shares in its solvent subsidiaries, SPML and PML. An exit strategy was subsequently agreed and implemented when MCF and LBIE agreed to sell the shares in SPML and PML to the management team of SPML and PML which completed on 9 August 2024 (following FCA approval).

On 28 February 2025 LBIE exercised its option to purchase MCF's claim into LBHI claim for a nominal amount in accordance with the terms of the compromise agreement, allowing the joint administrators of MCF to proceed to closure of MCF's administration. Please see MCF's final report for further information.

<https://www.pwc.co.uk/services/business-restructuring/administrations/lehman/mable-commercial-funding-limited-in-administration/progress-reports.html>

AGFP litigation

On 14 January 2025 the State of New York Court of Appeals refused LBIE's application to appeal the decision in respect of AGFP litigation.

AGFP's proof of debt was admitted following the decision, with the claim and applicable statutory interest being paid on 4 February 2025. Applicable withholding tax which was paid to HMRC on the 10 April 2025 (c.£4.7m), shortly after the Reporting Period. Associated costs were agreed and also paid on 4 February 2025. The admitted claim amount and associated interest and costs were provided for in full and the Company remains solvent.

This now concludes this matter. For further information please refer to the AGFP Litigation section of the LBIE website:

<https://www.pwc.co.uk/services/business-restructuring/administrations/lehman/agfp-litigation.html>

Other litigation

LBIE has resolved its claim against a counterparty referred to in our previous reports without admission of liability. The terms of this agreement are confidential.

Other potential recoveries

As set out in our previous reports, the Internal Revenue Service ("IRS") approved LBIE's request for treaty benefits through the competent authority process in August 2021 allowing recovery of taxes. Tax returns were filed with the IRS in Q4 2021.

Our tax team continues to liaise with the IRS regarding payment of the refund. We have been advised that the Joint Committee on Taxation has completed its review of LBIE's refund claim without adjustment and the IRS will be moving forward to process the refund. We are unable to influence the timing of this refund.

As advised in the last report, LBIE has a claim in an overseas liquidation, of which LBIE continues to be a member of the Liquidation Committee. No further recoveries have been received during this Reporting Period and no recoveries are expected in the near future.

The Administrators have also continued to pursue a potential recovery relating to a 50% holding of a claim in an overseas bankruptcy. Recoveries are not expected in the near future and the Administrators are exploring assignment of this claim to LBH.

Tax

Our tax team has continued to carefully manage LBIE's tax position, ensuring necessary tax filing obligations with HMRC have been met. All corporation tax returns up to and including the year ended 14 September 2023 were submitted to HMRC in the prior Reporting Period.

The Administrators have met their obligations under the Senior Accounting Officer ("SAO") legislation and are no longer required to submit the certification and notification. They have complied with their obligations regarding the Lehman group Tax Strategy which is no longer required to be published. They have adhered to the UK and US Foreign Account Tax Compliance Act and Common Reporting Standards.

Specific progress in the Reporting Period includes:

- Reviewing and adjusting, as appropriate, the tax reserves;
- Consideration of impact on the Company of changes to UK tax legislation, including loss restriction and interest deductibility rules, and the potential impact as part of the corporation tax returns;
- Utilisation of tax losses and deferred consideration in respect of the SPA with SPML and PML;
- Drafted corporation tax return for period ended 14 September 2024;
- Carefully manage the tax position of the preferred equity dividend to LBHI2; and
- Complying with various reporting obligations including tax strategy and corporate criminal offence legislation.

VAT

All VAT returns have been submitted up to, and including, the quarter ended February 2025.

VAT repayments of c.£267k plus interest is due to LBIE, relating to VAT return periods from May 2024 to February 2025 are expected to be paid by LBH (the representative member of the VAT group) in the next Reporting Period.

Investigations and actions

Nothing has come to the Administrators' attention during the Reporting Period to suggest that they need to do any more work in line with their duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Future Strategy

As all creditor claims have now been paid and given progress in resolving other matters, the Administrators are not intending to seek an extension to the administration and it will come to a close on or before 30 November 2025. We are currently considering the best strategy for the Company post administration (in conjunction with the Directors), which is likely to involve a solvent liquidation.

The remaining assets, which are anticipated to have a longer time period to resolution, will be assigned to LBH, being the entity within the UK group anticipated to be required to remain in administration for the longest period. The Administrators will deal with any remaining reserves, tax and other matters in an orderly manner prior to closure of the Administration.

Connected parties

Except where disclosed above regarding the purchase of the LBHI claim form MCF, there have been no sales or transactions with connected parties and the Company in the Period.

Administrators' receipts and payments account

The Administrators set out in Appendix A an account of their receipts and payments in the administration for the six months to 14 March 2025, together with a cumulative total since the beginning of the administration.

Administrators' expenses

A statement of the expenses incurred to the date covered by this report and an estimate of future expenses is set out at Appendix B.

Administrators' fees

An update on the Administrators' remuneration, which covers the Administrators' fees, disbursements and other related matters in this case, is set out at Appendix C.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/regulations/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx>

Creditors may also wish to refer to the previous creditors' guidance to understand the applicable regulations for appointments prior to 5 April 2010:

<https://www.icaew.com/-/media/corporate/files/regulations/insolvency/creditors-guides/2007/a-creditors-guide-to-administrators-fees-1-apr-2007.ashx>

Creditors can also get copies of these guides free of charge by telephoning Kate McNerlin on 0113 289 4000 or by emailing uk_lehmanaffiliates@pwc.com

Appendix A: Receipts and payments

House Estate receipts and payments summary: Cumulative and 6 months to 14 March 2025		Cumulative 15 Sep 2008 to 14 Sept 2024 GBP Equiv) £m	Period 6 months to 14 March 2025 (GBP Equiv) £m	Cumulative 15 Sep 2008 to 14 March 2025 GBP Equiv) £m
	Notes			
Receipts				
Counterparties	1	12,881	6	12,886
Depot securities	2	10,230	0	10,230
Other income	3	4,589	4	4,593
Total receipts for the period/to date		27,700	10	27,710
Payments				
Dividends paid	9	(19,939)	(0)	(19,939)
Preferred equity dividend	9	(428)	(70)	(498)
Administrators' remuneration and disbursements	4	(1,080)	(2)	(1,082)
Payroll and employee costs	5	(665)	(1)	(666)
Legal costs	6	(489)	(0)	(489)
Other payments	7	(4,796)	(78)	(4,874)
Total receipts for the period/to date		(27,397)	(152)	(27,548)
Net movement in the period/to date		304	(142)	162
Foreign exchange translation differences		(136)	3	(133)
Total Balances	8	~168	139	#29

Note: There is rounding within the table which may cause it to appear to not perfectly cast.

~ Balances held in foreign currencies at 14 September 2024 were c.\$92m

Balances held in foreign currencies at 14 March 2025 were c.\$18m (c.\$17m was converted to GBP shortly after the Reporting Period).

Notes to the receipts and payments account

Foreign currency transactions are reported in sterling at the rate prevailing on the relevant transaction date.

Amounts shown exclude VAT. Funds currently held may include monies due to HMRC or other members of a VAT group, or exclude monies which will be received in due course from these parties.

The receipts and payments account does not show “estimated to realise” values from the directors’ statement of affairs as this would not provide a meaningful comparison with actual asset recoveries.

The transactions within the LBIE estate in the Period:

- are reported on a cash receipts and payments basis and in accordance with the Insolvency Rules and best practice; and
- were completed in accounts established and controlled by the Administrators.

1. Counterparties

Receipts in the Reporting Period comprise:

- c.£5.1m counterparty settlement;
- c.£0.2m tax loss deferred consideration, SPML & PML;
- c.£0.2m Eldon Street 13th dividend distribution; and
- c.£0.1m LBHI 29th dividend distribution.

2. Depot securities

Receipts in the Reporting Period comprise:

- c.£0.0m of asset servicing income.

3. Other receipts

Receipts in the Reporting Period principally comprise:

- c.£4.1m of bank interest and interest received from money market deposits; and
- c.£0.1m sale of group tax losses 2022, SPML & PML

4. Administrators’ remuneration and disbursements

Payment deferral terms (as agreed with the Operating Committee and referred to on page 13 of this report) account for any differences between costs incurred and payments made in the Reporting Period.

- As explained further in Appendix C, the Administrators’ fees are on a time costs basis. The receipts and payments account shows the amount paid in the Reporting Period and total to date.
- Included within Administrators’ remuneration are costs in relation to ‘Category 2’ disbursements in accordance with the policy explained in Appendix B. There were no payments in the Reporting Period.

5. Payroll and employee costs

Payments relate to salary for UK-based employees and third-party contractors. This includes employee related costs incurred on behalf of Affiliates, which are recovered by LBIE and included as other realisations.

6. Legal and professional costs

Legal and other advisers’ costs relate to advice given, and to court proceedings and litigation conducted, in a number of jurisdictions by several professional firms in connection with a range of issues across the administration.

7. Other payments

Other payments principally comprise:

- c.£77.8m counterparty settlement; and
- c.£0.5m VAT paid in the Period.

LBIE is VAT registered and entitled to reclaim 63.09% of input VAT, therefore 36.91% of VAT is irrecoverable.

8. Investment profile & strategy

For immediate liquidity requirements, LBIE invests in short-term money market deposits.

Funds are held in interest-bearing accounts or invested in short-term money market deposits. The below table shows the cash held in all bank accounts as at 14 March 2025.

Account type	GBP £m	EUR €m	USD \$m	GBP Equiv £m
Short-term deposits [≠]	10	-	13	20
Interest-bearing accounts	5	0	4	9
Total cash held	15	0	18	29

[≠] Average rate of return for 6 months ending 14 March 2025 of 4.83% for sterling deposits and 4.7% for US deposits.

Note: There is rounding within the table which may cause it to appear to not perfectly cast.

The Administrators continue to manage the estate's funds with a prudent outlook and with regard to appropriate policies (designed by treasury specialists), as amended from time to time whilst attending to other relevant considerations.

9 . Dividends

All interim dividends paid to unsecured creditors to date are detailed below:

Dividend	Date	Pence in Pound	£m
First interim dividend, catch up & SCSO	30 November 2012	25.2	2,002
Second	21 June 2013	43.3	4,396
Third	25 November 2013	23.7	2,965
Fourth	30 April 2014	7.8	3,232
Statutory Interest	25 July 2018	N/A	5,121
Holders of sub-debt	2 August 2018	N/A	1,242
Statutory Interest to holders of sub-debt	2 August 2018	N/A	32
Statutory Interest to holders of sub-debt	18 December 2018	N/A	408
Statutory Interest to holders of sub-debt	16 January 2019	N/A	130
Statutory Interest to holders of sub-debt	13 February 2019	N/A	80
Statutory Interest to holders of sub-debt	16 April 2019	N/A	41
Statutory Interest to holders of sub-debt	4 October 2019	N/A	45
Statutory Interest to holders of sub-debt	30 January 2020	N/A	244
Statutory Interest to holders of sub-debt	8 June 2020	N/A	2
Total distributions to date		100.0	19,939

Note: There is rounding within the table which may cause it to appear to not perfectly cast.

Distribution to Shareholder

All interim distributions paid to LBHI2 as holder of 5% Redeemable Preference Shares ("RPS") & LBHI2 as a holder of Class B RPS to date are detailed below:

Preferred Equity Dividend	Date	£m
First interim dividend	11 August 2020	29
Second interim dividend	17 December 2020	100
Third interim dividend	21 January 2021	115
Fourth interim dividend	14 October 2021	93
Fifth interim dividend	30 October 2023	65
Sixth interim dividend	03 September 2024	26
Seventh interim dividend	20 February 2025	70
Total distributions to date		498

Appendix B: Expenses

Expenses are amounts properly payable by the Administrators from the estate. They include the Administrators' fees but exclude distributions to creditors.

Expenses also include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment. Expenses fall into two categories:

Expense	SIP9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to the Administrators' firm or their associates, or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

Approval from creditors is not required to draw Category 1 expenses as these have all been provided by third parties, but approval is required to draw Category 2 expenses. The body of creditors who approve the Administrators' fees (in this case the general body of creditors) also have the responsibility for agreeing the policies for payment of Category 2 expenses.

The rate for services provided by the Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements are charged at cost.

The following table provides a breakdown of the Category 2 expenses incurred in the Reporting Period, together with details of the Category 1 expenses that have been incurred as disbursements by PwC and will be recharged to the case.

Category	Provided by	Basis of cost	Costs incurred £
1	External providers	Travel, hotels and food for business purposes	4,699
1	External providers	Treasury investment systems	55
1	External providers	Courier and postage	64
2	PwC	Updates to website by internal IT specialists - time cost basis	378
2	PwC	IT software licensing and hosting - calculated by reference to data volumes with a small licence charge	4,950
Total			10,146

The expense policy set out above has been approved by the Operating Committee.

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the Reporting Period.

Details of subcontracted work

The Administrators have subcontracted specific legal and IT support tasks. This is done for the benefit of LBIE creditors through cost savings and utilising their knowledge of the administration and specialist expertise. The cost for these services are charged to LBIE on a time cost basis and are invoiced directly to the estate.

Included in the receipts and payments account in Appendix A, is c.£22k paid to these subcontractors during the Reporting Period. These costs are included within payroll and employee costs, and legal costs.

Statement of expenses and Administrators' remuneration incurred in the 6 months to 14 March 2025

The table below provides details of all the expenses incurred in the administration (stated in GBP) in the Reporting Period. It should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the Reporting Period and the total paid to date.

The table excludes any potential tax liabilities that may need to be paid as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

R&P Category - Expenses	Incurred in Reporting Period c.£m
Administrators' remuneration and disbursements	(1)
Payroll and employee costs	(1)
Legal and professional costs	(1)
Other payments	(0)
Total	(3)

Note: There is rounding within the table which may cause it to appear to not perfectly cast.

Legal and other professional firms

The Administrators have instructed the following professionals on this case either in the period or they continue to be under engagement for use in the near future:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services	Linklaters LLP	Insolvency and other expertise	Time costs
Legal services	Quinn Emanuel Urquhart and Sullivan	US legal expertise	Time costs
Legal services	Al Tamimi and Company	Saudi legal expertise	Time costs
Legal services	Baker McKenzie	German legal expertise	Time costs
Legal services	Saville Notaries LLP	Notaries specialist	Document complexity and requests
Professional services	Media Lingua Translations GmbH	Translation service	Fixed Fee
Legal services	Intex Solutions Inc	US legal expertise	Fixed fee
Legal services	Dorf Nelson and Zauderer LLP	US legal expertise	Time costs

The selection of individual legal firms is determined by the jurisdiction and nature of the advice being sought, and whether conflicts exist.

All professional firms instructed by the Administrators are required to provide a narrative explanation in support of invoices. All invoices are reviewed before being approved for payment. The Administrators are satisfied that the level of legal costs is appropriate.

Appendix C: Remuneration update

As creditors may recall, the Operating Committee has resolved that the Administrators may draw 60% of their time costs on account as approved. The remaining 40% of the Administrators time costs has to be approved by the Operating Committee before these amounts are drawn. All costs are subject to detailed reporting to the Operating Committee and the extent to which the Administrators can draw remuneration is subject to its approval.

The Administrators have incurred total fees of c.£1,043m during the administration up to 14 March 2025. Total Administrators' remuneration and disbursements of c.£1,082m has been paid to 14 March 2025 (as shown on the receipts and payments account in Appendix A), in line with the approvals given.

During the Reporting Period, the Administrators drew fees of c.£2.2m on account of their time costs. This amount represented 60% of time costs incurred in 2024 (c.£1.4m) and 40% of time costs for the period May to December 2023 (c.£0.8m) in line with the approval provided by the Operating Committee.

Time costs incurred in the Reporting Period were c.£1.1m. An analysis of the total hours and cost incurred by grade of staff can be found later in this appendix.

In the Reporting Period we have continued to provide the Operating Committee with detailed information relating to work undertaken and our remuneration and Category 2 disbursements, in accordance with SIP 9. Set out later in this appendix are details of the work undertaken to date and anticipated future work.

Time charging policy and hourly rates

The Administrators and their team charge time for the work they need to do in the administration. Tasks are delegated to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed, and the Administrators supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by senior staff or the Administrators.

All PwC staff who work on the administration (including the Firm's cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by cashiers, support and secretarial staff is charged separately and isn't included in the hourly rates charged by partners or other staff members.

Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). The Administrators do not charge general or overhead costs.

Set out below are the maximum charge-out rates per hour for the grades of PwC staff who worked on the administration during the Reporting Period.

Grade	Restructuring, Insolvency & Forensics (£)	Tax, Legal, Data & Technologists (£)
Partner	1,090	1,425
Consultant	N/A	1,425
Director	1,000	1,345
Senior Manager	800	1,090
Manager	640	795
Senior associate	525	585
Associate and support staff *	330	325

*inc. Offshore Professionals

Our offshore professional colleagues may be utilised to provide assistance in the insolvency, albeit that the majority of the work will be undertaken by the UK based team. Off-shore professionals may include those with appropriate insolvency experience, an accounting or finance-related qualification and appropriate skills to complete basic insolvency related tasks and provide administrative support to the team including efficient document preparation and data entry, records management, and general data analytics. All work under the supervision of more senior staff.

Relationships

The Administrators have no business or personal relationships with the parties who approve their fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Analysis of Administrators' time costs for the Reporting Period

The table below provides an analysis of the Administrators' total hours incurred and the associated cost by staff grade and work activity for the six month period to 14 March 2025.

Classification of work	Partner ¹ / Director		Senior Manager / Manager		Senior Associate		Associate / Support Staff ²		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury	3.5	3,572	123.5	81,432	248.3	130,064	120.5	39,749	495.7	254,815
Asset Realisations	126.1	131,505	367.3	246,728	81.1	42,551	72.6	23,942	647.0	444,725
Case Progression and Strategy	51.4	54,628	111.9	66,591	81.5	22,004	16.1	5,313	260.9	148,535
Creditors	0.9	1,113	22.0	12,723	1.1	578	5.4	1,782	29.4	16,195
Reporting to the Committee	18.7	18,650	46.8	31,344	0.2	79	8.5	2,805	74.1	52,878
Shareholders	5.2	5,227	0.8	512	1.0	499	-	-	7.0	6,238
Statutory and Compliance	7.8	7,935	49.9	32,539	48.8	25,620	48.5	16,005	155.0	82,099
Tax and VAT	26.6	36,508	74.6	57,352	1.9	971	0.3	99	103.4	94,930
Total for 6 months ended 14 March 2025	240.0	259,135	796.7	529,221	463.7	222,365	271.8	89,694	1,772.2	1,100,415
Average hourly rate for the 6 month period to 14 March 2025									621	
Brought forward total to 14 September 2025 (see notes)									1,041,889,464	
Cumulative total to 14 March 2025									1,042,989,879	

Notes:

1. Includes a retired tax partner who has been retained as a consultant for the purpose of utilising their expertise.
2. Includes offshore professionals.
3. Final invoiced values for the prior period were 1,864.1 hours and c.£1,186k following post period end adjustments, the brought forward value has been updated to reflect this change. The difference in billable time is due to time relating to the Reporting Period, which was recorded after it ended. This was partly due to time incurred by offshore professionals where their input into our UK systems is delayed.
4. Hours and costs have been rounded up or down, to the nearest 0.1 hour or whole pound which may result in rounding differences in the casting of the tables above.

Work undertaken in the Reporting Period

Included earlier in this section is an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table more detail is provided on the key areas of work.

Category	Description of tasks
Accounting and Treasury This is an essential function for the management of funds held by the Administrators on behalf of the Company. The Administrators' treasury and cash management teams monitor and control the movement of funds, mitigate risk and seek to maximise the interest made on investments for the benefit of the Company's creditors.	<ul style="list-style-type: none"> • Investment, monitoring and control of LBIE's cash resources, including ensuring cash held at best rates only in approved banks and subject to frequently reviewed limits (this work has enabled the banking interest on case funds to be maximised which has resulted in significant realisations in the administration). In the 6 months to 14 March 2025, the investments made by the Treasury team resulted in interest of c.£2.0m being received (c.£1.5m above that which would have been earned using Barclays' standard products) and interest of c.\$1.8m being received (c.\$1.6m above that which would have been earned using Barclays' standard products), for both currencies, this is based on average balance and interest over the Reporting Period); • Reconciling bank accounts; • Provision of information for the purposes of statutory reporting; • Arranging receipts and payments of funds and coding of movements; • Monitoring flow of funds into the bank accounts; • Analysing counterparties' risk and deposit rates; • Actively managing investments held in various institutions in order to mitigate risk; • Liaising with the cash management team to check liquidity requirements; • Monitoring of funds required for immediate cash needs to ensure that the optimal level of funds is held on deposit; • Monthly reporting of outstanding deposits and month-end bank balances; • Quarterly reporting of performance and activity commentary; • Quarterly reporting and active management of the reserve accounts; • Additional support and work ensuring successful distribution to LBHI2; and • Completion of FX transactions.
Asset Realisations The work done by the Administrators in relation to asset realisations is important in order to maximise returns to creditors by managing potential recoveries and working with the relevant parties as necessary to further the best strategy.	<ul style="list-style-type: none"> • Meetings and discussions held with counterparties, lawyers, and counsel in respect of the AGFP litigation; • Resolved a claim against a counterparty referred to in our previous reports without admission of liability; • Continued liaison with the Joint Official Liquidators in respect of creditor claims' adjudication processes in an overseas liquidation into which LBIE has a claim; • Updated illustrative outcome statements in respect of this claim based on additional information obtained; • Continued liaison with office holders regarding assets and liabilities in overseas estates; • Regular discussions with our US tax specialists in respect of the recovery of the US tax refund; • Continued wind-down of the portfolio of residual assets comprising liquid and illiquid securities, structured notes and amounts due from Affiliates and other parties; • Continued to consider timing and quantum of future deferred consideration from SPML and PML, and potential sale of group tax losses; • Received MCF's LBHI's distribution as per the compromise arrangement with MCF and transferred this asset to LBIE for a nominal amount; • Managed statutory affairs of MCF, including six month reviews, progress reports, tax returns and VAT submissions, and prepared for closure by obtaining necessary clearances and archiving records; and • Preparation and completion of witness statement, confirming the completion of specified activities for MCF's discharge order and attendance at court.

Category	Description of tasks
Case Progression and Strategy The inherent complexities of the Company's estate mean that the Administrators and their staff continue to invest a proportion of their time in the planning and delivery of their strategy for the progression of the administration, for the ultimate benefit of creditors as a whole.	<ul style="list-style-type: none"> • Regular meetings to assign work, agree deadlines, confirm progress and discuss resolution to any blockers; • Preparing the Administrators' internal six-monthly case review in accordance with professional requirements; • Discussions with experts regarding ongoing issues; • Review and update the closure schedule; • Closure planning including meetings with legal counsel to further consider potential exit strategies and ongoing issues preventing closure; • Project management to ensure accountability, timeliness and steady progression in the closure of the LBIE administration; and • Finalised Korea position, including updates to Korean authorisation letters and service solution queries.
Creditors This relates to tasks undertaken in relation to creditors, including responding to inbound creditor queries received and updating the LBIE website for the benefit of creditors' access to information.	<ul style="list-style-type: none"> • Create, collate and publish key information relating to the AGFP litigation, preferred equity dividends made and important notices for the LBIE website; • Discussions with internal specialists and lawyers prior to publication of key information on the LBIE website; • Respond to ongoing queries from external parties / creditors regarding the administration; • Work undertaken in connection with the application for leave to appeal in respect of the AGFP litigation; and • Engaging with professionals and academics to author amicus briefs in support of LBIE's motion for leave to appeal in respect of the AGFP litigation.
Reporting to the Committee The Administrators regularly produce report updates for the Operating Committee together with frequent meetings for the purpose of keeping the Committee informed of ongoing work and obtaining their consent to proposed plans as appropriate.	<ul style="list-style-type: none"> • Preparation of management information reports and provision of ad hoc information/updates; • Creation of bi-annual achievements and fee reports; • Preparation, attendance and follow-up actions after fortnightly meetings with the Operating Committee; and • Engaging with and seeking approval from the Operating Committee in respect of ongoing matters, such as counterparty settlement and concluding the AGFP litigation.
Shareholders To expedite and maximise distributions to the shareholder, the Administrators assess the availability of funds and consider proposals from the LBIE directors to make dividends to the shareholder.	<ul style="list-style-type: none"> • Ongoing assessment of reserves held to ensure these remain at an appropriate level; • Assessment of whether there are funds available for distribution; • Calculation of available funds and potential distribution amounts (including assessment of distributable reserves and input from specialist accounting and tax teams); • Consulted with the directors regarding additional preferred equity distributions to shareholders; and • Finalised and paid preferred equity distribution to LBHI2.
Statutory and Compliance This relates to work the Administrators undertake in order to ensure compliance with statutory and regulatory requirements.	<ul style="list-style-type: none"> • Preparing and circulating the Administrators' 32nd progress report; • Preparing time cost information in support of the Administrators' billing; • Dealing with statutory filings at Companies House; • Maintaining and managing case files, records and the Company's database; and • Dealing with other ad-hoc compliance and statutory tasks.
Tax and VAT Work reported in this category includes compliance with tax legislation under the Administrators' obligations as proper officers for tax, and planning to ensure the efficient realisation of assets for the benefit of the Company's creditors as a whole.	<ul style="list-style-type: none"> • Ongoing reviews of group relief / losses position to determine amounts available for surrender; • Preparation of tax returns for the year ended 14 September 2024; • Fulfilling all Senior Accounting Officer tax compliance; • Finalised the 2022 group tax loss position; • Prepared and submitted quarterly VAT returns; • Reviewed various documents prepared by legal team and accountants; • Provided tax advice and prepared accounts to support preferred equity distribution; • Liaised with Internal Revenue Service in the US; and • Dealt with tax and VAT queries.

Future work

Examples of work remaining to be done to achieve the purpose of the administration are shown below. This is not an exhaustive list.

- Statutory reporting and compliance with the Insolvency Rules;
- Ongoing tax and VAT returns;
- Review and maintenance of financial information including reserves;
- Ongoing realisation of remaining assets;
- Assign remaining assets and future receivables to LBH;
- Termination of contracts and indemnities, where applicable;
- Progress continuing legal matters as set out earlier in this report;
- Seek consensual resolution on outstanding matters, where it is appropriate to do so;
- Continue to wind down the portfolio of securities;
- Consider further proposals from the Directors to make equity distributions to LBHI2 provided there are available funds to do so;
- Ensure the safekeeping and later destruction of Administration records in line with the Firm's policies, guidance from the ICAEW and in line with General Data Protection Regulation;
- Regular reporting and discussions with the Operating Committee; and
- Closure of the LBIE administration.

On a regular basis the Administrators provide detailed reports to the Operating Committee in relation to the expected work required to complete the administration. These reports include estimated costs and benefits to the creditors of LBIE.

Appendix D: Other information

Court details for the administration:	High Court of Justice, Chancery Division, Companies Court - Court Case Court Case No 7942 of 2008
Company's registered name:	Lehman Brothers International (Europe)
Trading name:	Lehman Brothers International (Europe)
Registered number:	02538254
Registered address:	Regus Level 5, Tower 42, 25 Old Broad Street, London EC2N 1HN
Date of the administration appointment:	15 September 2008
Joint Administrators' names, addresses and contact details:	Alison Campbell Grant, David James Kelly, Edward John Macnamara and Gillian Eleanor Bruce of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT Email: uk_lehmanaffiliates@pwc.com
Changes in Administrator:	<p>On 15 September 2008 Anthony Victor Lomas, Steven Anthony Pearson, Dan Yoram Schwarzmans and Michael John Andrew Jervis were appointed as Joint Administrators</p> <p>On 30 November 2009 Derek Anthony Howell was appointed as an additional Joint Administrator</p> <p>On 02 November 2011 Paul David Copley and Russell Downs replaced Michael John Andrew Jervis and Dan Yoram Schwarzmans as Joint Administrators</p> <p>On 07 June 2013 Julian Guy Parr replaced Derek Anthony Howell as one of the Joint Administrators</p> <p>On 24 June 2016 Paul David Copley resigned as a Joint Administrator</p> <p>On 16 July 2018 Gillian Eleanor Bruce and Edward John Macnamara replaced Steven Anthony Pearson and Anthony Victor Lomas as Joint Administrators</p> <p>On 08 March 2019 Julian Guy Parr resigned as one of the Joint Administrators</p> <p>On 30 November 2021 Russell Downs resigned with Alison Campbell Grant and David James Kelly appointed as Joint Administrators</p>
Current membership of the Operating Committee:	Lehman Brothers Holdings Inc., LB Holdings Intermediate 2 Limited - in administration, Elliott Management Corporation and King Street Capital Management L.P
Extension(s) to the initial period of appointment:	The High Court of Justice has granted four extensions to the administration period, to: 30 November 2011; 30 November 2016; 30 November 2022 and 30 November 2025

Appendix E: Abbreviations and definitions

Glossary of terms

Abbreviation	Term	Definition
Administration	administration	UK corporate insolvency process governed by the Insolvency Act 1986 applicable to LBIE following the granting of an administration order dated 15 September 2008
Administrators	Joint Administrators	AC Grant and DJ Kelly (both appointed 30 November 2021) and EJ Macnamara and GE Bruce (both appointed on 16 July 2018). All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales
Affiliate	Affiliate entities	Various subsidiaries and affiliates of Lehman Brothers Holdings Inc
AGFP	AG Financial Products Inc.	A US-based affiliate of Assured Guaranty Corp. which provided credit protection to counterparties under credit default swaps
Category 1 disbursements	Administrators' Category 1 disbursements	Costs that are directly referable to the administration supplied by and paid to external third parties
Category 2 disbursements	Administrators' Category 2 disbursements	Costs that are directly referable to the administration but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the administration on a proper and reasonable basis
Company / LBIE	the Company	Lehman Brothers International (Europe) - in administration ("LBIE")
Directors	Non-Executive Directors	On 8 June 2020, two Non-Executive Directors were appointed to a newly reformed LBIE board of Directors to assist the Joint Administrators in the limited management of certain aspects of LBIE's affairs. The current Directors are David Hargrave and Jon Yorke
FCA	FCA	The Financial Conduct Authority is a financial regulatory body in the United Kingdom
Firm / PwC	Firm / PwC	PricewaterhouseCoopers LLP
HMRC	HM Revenue & Customs	Organisation of the UK government primarily responsible for the collection of taxes
House Estate/House	House Estate	Dealings that relate to LBIE's general unsecured estate
ICAEW	ICAEW	Institute of Chartered Accountants in England and Wales
Insolvency Act / IA86	Insolvency Act 1986	Statutory legislation that provides the legal platform for matters relating to personal and corporate insolvency in the UK
Insolvency Rules / IR16	Insolvency (England and Wales) Rules 2016	Statutory rules that provide the legal platform for matters relating to personal and corporate insolvency in England and Wales
IRS	Internal Revenue Service	The revenue service for the United States federal government, which is responsible for collecting U.S. federal taxes and administering the Internal Revenue Code
LBH	Lehman Brothers Holdings plc - in administration	Affiliate entity subject to insolvency proceedings in the UK
LBHI	Lehman Brothers Holdings Inc.	Ultimate parent of the Lehman group, incorporated in the USA and formerly subject to Chapter 11 bankruptcy protection from 15 September 2008. LBHI's plan of reorganisation became effective on 6 March 2012
LBHI2	LB Holdings Intermediate 2 Limited - in administration	Affiliate entity subject to insolvency proceedings in the UK and LBIE's Shareholder and sole holder of LBIE's preferred equity
LBL	Lehman Brothers Limited - in administration	Affiliate entity subject to insolvency proceedings in the UK

Abbreviation	Term	Definition
MCF	Mable Commercial Funding Limited - in administration	Affiliate entity subject to insolvency proceedings in the UK
Operating Committee	Operating Committee	A committee constituted pursuant to the terms of the Surplus Scheme which has assumed the roles and responsibilities of the former Creditors' Committee
PML	Preferred Mortgages Limited	A solvent subsidiary of MCF, an Affiliate entity subject to insolvency proceedings in the UK
Post-administration Interest	Post-administration Interest	Statutory interest payable pursuant to Rule 14.23(7) of the Insolvency Rules
Reporting Period	Reporting Period / Period	15 September 2024 to 14 March 2025, the period covered by this report
Scheme	Scheme of Arrangement	Statutory procedure under Part 26 of the Companies Act 2006 for a court-approved agreement between a company and its creditors
Senior	Senior unsecured creditor	Unsecured, non-preferential, non-Shareholder, not subordinated creditor
Shareholder	LB Holdings Intermediate 2 Limited - in administration	Affiliate entity subject to insolvency proceedings in the UK and LBIE's Shareholder and sole holder of LBIE's preferred equity
SIP 9	Statement of Insolvency Practice 9	Rules issued by the Joint Insolvency Committee which provide guidance to insolvency practitioners and creditors' committees in relation to the remuneration of Administrators. New Statements of Insolvency Practice come into effect from 1 April 2021 for SIP 7 (receipts and payments) and SIP 9 (Administrators' remuneration)
SPML	Southern Pacific Mortgage Limited	A solvent subsidiary of MCF, an Affiliate entity subject to insolvency proceedings in the UK
Statutory Interest	Statutory Interest	Interest calculated on the amount of admitted claims in respect of the periods during which such claims were outstanding since the date of commencement of the administration to the date of full repayment, calculated as the greater of the rate payable in accordance with s.17 of the Judgments Act 1838 (currently 8% simple), and the rate applicable to the debt apart from the administration
Surplus	Surplus	Assets remaining after the payment in full of Senior creditor claims and Shareholder claims but before Post-administration Interest, non-provable claims, and the Subordinated Debt
Surplus Scheme	Surplus Scheme of Arrangement	A Scheme of Arrangement, pursuant to the UK Companies Act 2006, sanctioned by the UK High Court and which became effective on 20 June 2018, relating to the distribution of the Surplus
UK High Court	High Court	Court of England and Wales which deals with all high value and high importance cases, and also has a supervisory jurisdiction over all subordinate courts
VAT	Value Added Tax	A consumption tax levied on the sale of goods and services in the UK